



1

# European Insights Analysis

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# TABLE OF CONTENTS

## Company Visits

|   |    |
|---|----|
| Lloyd's of London .....                           | 2  |
| Intro to History of the EU .....                  | 6  |
| Bank of England .....                             | 9  |
| Living & Working in the EU .....                  | 12 |
| Firm de France : Harley, Cadillac & Corvette..... | 15 |
| DuPont de Nemours International S.A. ....         | 18 |
| Print Media Academy .....                         | 22 |
| PricewaterhouseCoopers .....                      | 26 |
| Heineken International .....                      | 29 |

## Cultural Experiences

|                              |    |
|------------------------------|----|
| London, United Kingdom ..... | 32 |
| Paris, France .....          | 35 |
| Geneva, Switzerland .....    | 38 |
| Heidelberg, Germany .....    | 40 |
| Amsterdam, Netherlands ..... | 42 |

|   |    |
|---|----|
| <u>Company Analysis - Lloyd's of London</u> ..... | 44 |
|---|----|

|                            |    |
|----------------------------|----|
| <u>Book Analysis</u> ..... | 52 |
|----------------------------|----|

*The Selling of the American Economy: How Foreign Companies  
Are Remaking the American Dream*

## Evaluation

|                       |    |
|-----------------------|----|
| Countries/Cities..... | 60 |
| Companies .....       | 61 |
| Hotels .....          | 62 |

|                         |    |
|-------------------------|----|
| <u>References</u> ..... | 70 |
|-------------------------|----|

## COMPANY VISITS

### Lloyd's of London Insurance Market



Figure 1: Scaled-down version of Lloyd's building

The Lloyd's of London visit began with Paul Dalton speaking to us about Lloyd's, where we learned that there were really three segments at Lloyd's, which includes the Corporation, Underwriters and Brokers. He gave us a brief history about each of the segments. Then, Paul went into further detail about each one and how it fits into Lloyd's, both historically and in the present-day. He concluded his first section by talking about how an earlier marine underwriter introduced an unlimited liability policy which would essentially risk all of the personal wealth of the capitalists who invested in the insurance. He detailed how this was extremely profitable for a span of approximately 130 years. However, starting in 1988, Lloyd's experienced the first of five disasters that made Lloyd's reconsider its future. This is where the corporate investment was introduced in 1993, which allowed corporations to buy shares and invest in Lloyd's and also provided them more financial backing.

At this point in the presentation, Paul passed it over to Jon Avidon, who spoke specifically about the underwriters and syndicates. Jon further detailed how he works at Lloyd's but not for Lloyd's, as none of the underwriters are Lloyd's employees, rather employees of insurance companies that partner with Lloyd's and are able to write business while Lloyd's regulates the market in which they write. He also discussed how Lloyd's does not insure anything, rather they regulate the market and thus are considered an insurance market versus a company. He went over the logistics of what if situations, such as if the investors are in financial difficulty and are unable to pay the claims within the given twenty-eight days, the process of paying claims and getting reimbursed and if the investors pass away and the taxation of the reserves. Jon ended his presentation by answering questions and discussing where the business comes from.

The last part of the lecture circled back to Paul, as he overviewed the process of how Lloyd's works. It begins with gathering the details of the information of what one desires to insure, then obtaining quotes from numerous brokers, and lastly, informing the clients of this information, while the brokers help them to make an educated decision about the purchase. Then, in the back room processing when the decision to purchase the policy is made, Lloyd's gets the lead underwriter to stamp his/her syndicate name, his/her name and how much responsibility he/she would like to accept on behalf of the syndicate. This process continues until the full 100% is made up for each policy and Lloyd's is able to compile this information in its systems and issue one single policy to the insured. Paul explained the competitive advantage of Lloyd's of having the historical background, financial stability in its ratings, centralized place to come for multiple quotations and willingness to accept new entrants and risks in the market. He ended his presentation by

providing examples of some complex risks Lloyd's has been a part of insuring, which included the Michael Jackson's recent concert series that was canceled, terrorism insurance for 95% of the world's aircrafts, celebrity body parts, etc.

Following the presentation, we enjoyed a tour of the Lloyd's facilities. We were able to learn about the building and how it evolved from the original coffee shop. We toured the room that was preserved by the famous architect and the difficulties in moving it to the new location. We saw a scaled-down version of the model of the building and various paintings, as well as learning about some historical semblance they played in the development of Lloyd's and/or of the United Kingdom. We got to see the historical clock tower and how actual business transactions are executed in the Underwriting Room. We even were able to view a recent copy of the *Lloyd's List*, which is a newspaper that Lloyd's produces for insurance that began in 1696. We also viewed some artifacts from the chandelier gift from the Queen, to the gift of the statue of the leader during the war and the silver cups that were often given as a gift to the widows of deceased soldiers from the memorial fund.

The organizational climate at Lloyd's appeared to be a strictly professional atmosphere. Both speakers were well-dressed in suits and ties (see Figure 2 below) and the employees on the floor were also formally dressed. There was even a sign that stated that if one was not appropriately dressed, he/she could be asked to leave. There was security when we entered, as we needed an invitation to be allowed in (although in the past, passports were required). It was a professional environment and I was surprised that employees were not required to wear badges; however, brokers who came to negotiate business in the Underwriting Room were required to wear red cloaks to identify them.

The actual work stations looked similar to many corporate environments in the United States; however, they were sectioned off in blocks and were a little closer than those of the average company in the US. The tour was very interesting and it was nice to have the ability to have ask more intimate questions with the speakers. It was probably my favorite part of the Lloyd's experience, as it was more interactive.



Figure 2: Lloyd's Photo (from left: Paul Dalton, Wendi Rea, Alexia Pursley, Jon Avidon)

### **Introduction to the History of the European Union**



Figure 3: John White's Presentation about the History of the European Union

John White, a Management Consultant who was born in London and spent time in Germany, the UK and worked in Hong Kong, lead a discussion about the European Union and the history and evolution of it over time. He spent a lot of time reinforcing the fact that the political geography has continuously changed over a span of hundreds of years due to war and explained how war follows the general trend of technology. He further went into specific wars and the outcome and effect they had throughout Europe and how most buildings, including the Lloyd's of London where the presentation took place, has a war memorial for the people that affected them who fell during the war. He explained how people have a deep respect for the fallen victims and have far more pride than that of the average US company. Then, John explained the US's part during the war both during World War II with the Germans and also with Japan during Pearl Harbor.

The outcome was to join together in a more unified force, and that was how the original European Union, first called the European Economic Community (EEC) formed with six countries. They were national states with shared sovereignty and an economic community that helped with jobs, financial stability and growth. The first EEC was signed in Rome in 1956 and John believed America played a part by providing an umbrella to make it happen through the Marshall Plan. He believes that historically, this is left out, but he notes America's effort.

The EEC continued to grow with Britain joining in 1974, followed closely by Ireland, the United Kingdom and Denmark. John discussed the impact of democracy and how no democracy has ever attacked another democracy, so this helped to minimize conflicts which would lead to a war. The EEC name evolved to simply the European Communities (EC) and was seen as democratic Europe emerging vibrant and confident,

as the countries involved appeared to be growing and flourishing the economy that was once destroyed by the World Wars. The next group of countries to join included Greece, Portugal and Spain, which were poorer countries in a less stable economic state, which partially caused them to change the name from the EC to simply the European Union (EU). 10 more countries joined since then, to total 27 countries as part of the EU, as of 2009.

John explained some requirements of the EU and how it is funded by the Value Added Tax (VAT), which is essentially a sales tax that is still seen throughout the EU today. Better economically sound countries help to subsidize for the others, as once you hit a certain economic level, the VAT increases. The EU continues to flourish with a good economic environment and countries are helping each other out by providing work and workers for each other. He explained the European Euro and how it was a response to the falling of the Berlin Wall. The EU wanted the countries who joined to transition over to the Euro as its main currency and most did, with the exception of the United Kingdom, Denmark and Sweden.

John believes that some countries joined the Euro who should not have, including Belgium and Italy, as they suffered from the conversion and had too much debt at the time. From John's perspective, he believes the UK should stay on the Euro, as each country is able to print its own money with a slight oversight by the a centralized bank; however, if it falls, the value will depreciate and they will need to borrow money. He believes it is important the UK stay on a separate system of the pound, as they would probably be the main country to lend the money if the Euro ever did fail, which he considers is a possibility.

## Bank of England



Figure 5: Exterior View of the Bank of England Museum

The Bank of England is often referred to as “The Old Lady” or “Old Lady of Threadneedle Street,” and was founded in 1694 by Scotsman, William Paterson. The bank was nationalized in March 1946 and gained its independence in 1997. It is the central bank of the United Kingdom and is located in London’s main financial district.

Our presenter was Nick, who runs the education projects at the bank. He began by giving us a brief history of the bank from its early days of being the banker of the UK government to progressing to become the banker of banks. He informed us that the government is its biggest customer and they help monitor commercial banks all around the UK. The Bank of England is most famous for gold and bank notes, as they house over 35 billion pounds of bank notes in circulation today and store seven vaults of gold on behalf of the government. The gold is used as a reserve and is worth over 70 billion UK pounds.

Nick further elaborated on three big decisions that were made within four and a half months in 1997. In May of 1997, there was a general election which changed the

government and influenced these historic decisions. The first was enacted immediately after the general election. The chancellor, or finance minister, gave the Bank of England a new function of the Monetary Policy Committee (MPC), which allowed them to set the interest rate throughout the UK. This was previously the government's job, thus this led to a revocation, which was the second main decision. Second, the government took away the supervision and regulation of 540 commercial banks and gave this task to a newly developed organization, the Financial Services Association (FSA). Third, in October of 1997, the government decided the UK would not form part of the Economic Monetary Union (EMU) and would not convert to the Euro. They would join two other countries with this decision, Denmark and Sweden. However, currently, the Bank of England is ready to join if the UK decides it wants to convert to the Euro, although the process would take approximately three and a half years.

Nick elaborated on two core purposes of the bank. These include monetary stability and financial stability. Monetary stability includes leveling inflation, which is a core function of most major banks in the world. The government sets a desired inflation rate, and it is up to the bank to set the interest rate that would achieve that inflation level. The purpose of financial stability is to detect any threats to the financial system to ensure that it operates as it should.

Next, Nick gave us a brief history of the historical inflation rates over the past thirty years. He illustrated that over-inflation was often a problem; however, in current economic times, the UK is suffering (like many other countries) in trying to stimulate the economy. The UK's current interest rate is 0.5%, which is the lowest rate ever recorded and they are still having concerns with it not being enough to stimulate the economy,

which could eventually lead to deflation over time. He mentioned an initiative in trying to stimulate the economy called the Quantitative Easing (QE), which injects amounts of money into the economy over time (to total around 2 billion pounds), through commercial accounts. With this initiative and the lower interest rates, they are hoping to see a reversal in the fear of spending to help stimulate spending in the economy.

Today's target inflation rate in the UK is 2%; however, they still have not achieved that rate. Nick elaborated on the expectation of deflation if people don't spend, which would eventually cause rates to go even lower. He also played a short film, "What If" for us which illustrated these issues and concerns and the effect of them.

"What If" profiled Mervyn King, who is the current Governor of the Bank of England. King reinstated the fact that money is simply pieces of paper and that money in itself has no value, rather is used to measure how much things are worth and is a storer of value. The important job of Bank is to build trust in the value of money and to help them believe that the value of money will not change too quickly. He also discussed how interest rate is the price of money and how mortgages are the most common form of borrowing and thus, interest rates can directly impact spending and savings.

The film portrayed the basic economic principle of how the price of any good or service is set by the level of demand. Changes in fashion, weather and technology can change the price of things, so the Bank of England is concerned with the average level of all prices.

The last part of the Bank of England entailed a tour of the Bank of England Museum. There, we were able to see the history of the Presidents and Chancellors throughout the evolution of the bank. We were also able to view short clips that

portrayed the impact over-inflation and deflation can have on the economy. Lastly, we were able to view artifacts of different things that were used during the meetings and also had an opportunity to lift a gold block that was worth about 275,000 pounds and weighed 13 kgs, which is about 28 lbs.

### **Living and Working in the European Union**



Figure 6: Graham Brown presenting on Living and Working in the European Union

Graham L. Brown, who currently works as a Professor of the IGS Group and has had a diverse array of work and cultural experiences, was presenting on the topic of living and working in the European Union. He spoke to us about the history of Europe, the new EU, social model issues, attitudes, working together and survival guides of living and working in the EU.

Brown began his lecture by openly discussing stereotypes of different cultures. Then, he elaborated on the history of Europe, which I felt was a bit repetitious of John White's presentation in London. He discussed the different time periods of the Roman Empire (44BC – 180 AD), France Europe (c800), Europe (1500 – 1700) the Ottoman Empire (1600s) and Europe post 1700. Then he went into detail about the formation of the European Union, saying that it was the result of a process of cooperation

and integration which began in 1951 with six countries, that included Belgium, Germany, France, Italy, Luxembourg and Netherlands. Then he discussed the history and influence of the Franco-Prussian War (1878 – 1879), World War I (1914 – 1918) and World War II (1939 – 1944).

The next point that Professor Brown discussed was a comparison of the EU to the US. This was interesting and new, as he mentioned that the EU is about 1/3 the size larger than the US and has other greater key characteristics to compete with the US. He positioned Europe as a major competitor and bigger market opportunity than the US, as Europe can produce, spend and keep their money within the country, whereas the US outsources (to keep labor costs down), and thus sends their money away to other countries.

Brown mentioned some issues on how the EU is conflicted about how it should operate, which includes economic, structural, political and constitutional issues. Then, he went on to explain a new, sustainable social model which would standardize benefits better and is more liberal than the Northern model and illustrated his point with a video about the French and Polish. The video illustrated how the French has been unable to keep up with the changing world and the how this has impacted many wineries in France. On the other hand, Poland has continuously been growing and will continue to for awhile, as they have adapted and through this, created additional jobs and work for their citizens and residents.

After the break, we had a discussion about the main differences between Europe and America. I felt this was the most interesting part, as a native Brit who has had experience living in America, he was knowledgeable about both cultures. He described

Europe as having more of a “we” mentality, whereas America was more “me” oriented. He discussed Europe’s advantages through their public transportation, infrastructure and roads, trash/rubbish system, medical and education. He also elaborated on the differences in cultures, which affected varying attitudes. He described Americans as valuing success, explicit communication, trust and transparency with relationships and more readily to discuss money and less willing to discuss sex; where as Europeans valued quality, were implicitly communicative, mistrust relationships and do not discuss money but can liberally talk about sex. He also mentioned how the differences on the views of living and working, as French view the quality of life more importantly and eating more as a social function. However, some downfalls of the European life is how it is extremely difficult to change careers and how they do not set any detailed plans. Brown described French as having the motto: “All law not enforced is a law not observed.”

Brown also discussed the work ethic, truth, status, time and fear of failure within Europeans. He briefly discussed the workforce and huge differences in the cost of unemployment and even was able to discuss this by the UK and France, compared to Americans. Next, he mentioned the 35 (French) hour work week, versus American’s standard 40 hours.

Lastly, Brown wrapped up by describing attitude differences when it comes to business and corporations. He mentioned the American’s objective is focused more on profit, have a relatively flat structure, accessible and coordinated managers and objective evaluations; whereas Europeans focus on an objective of profit and social benefit, have a tall business structure, have distant and more expert-level managers and have more subjective evaluations.

## Harley Davidson, Cadillac & Corvette at PCC



Figure 7: Berry Van Gestel from the Firm de France

Berry Van Gestel, a Managing Director from the Firm de France, spoke to us about the evolution of the brands of Harley Davidson, Cadillac and Corvette. He began by giving us the market value of the three companies over the last decade to illustrate the growth, then the dip and slight rebound. Then, he went specifically into Harley Davidson to discuss their marketing strategies over the last one hundred years.

Harley Davidson started in a small shed the same year as Ford in 1903 with one Harley and three Davidson boys. The first model was a bike-like model and evolved to make a distinctive noise that Harley is still known for today, called the v-twin, in 1907. The v-twin came from an imperfect control of the engine due to a 45 degree angle. In 1911, the first big factory started in Milwaukee, Wisconsin, and still exists today. Harley continued to reinvent itself through its introduction of a leather apparel line in the early 1930s and a stronger image throughout Europe with “The Liberator.”

Hell’s Angels also contributed to the current brand image of Harley Davidson. Hell’s Angels originated from a group of pilots from the Korean War who chopped off

the parts of a Harley that were not needed, hence the name the “Chopper,” and has more recently evolved to a more negative image. Today, this group represents more of a rough image who are often involved with drugs and criminal activity, although they still have a mutual respect for Harley and Harley-sponsored events.

Over the years, the image of a motorcycle as a primary use of transportation has disappeared, as they have moved to more of a recreational use. This led to internal financial struggles within the Harley Davidson organization to the point where they almost needed to close the doors in the early 1980s. The company was saved by a group of people who decided to buy it out with \$1M cash and an \$80M Citi loan on April 16, 1981. While profitability was probably important to this group, their initiative in purchasing the company was due to the fact that they did not want to see the Harley name disappear.

In 1983, Harley worked toward reinventing their image by fixing the basics. They first worked toward ensuring their product was sound and reliable. This was done by remodeling the current Harley to make a better product. In the past, dealers often had to reassemble the motorcycle before delivering to its consumers, which created a lot of flaws and complaints with the dependency of Harleys. They rebuilt the model with better products and took the assembly responsibility away from the dealers. Then, they worked toward informing others by an advertising campaign that essentially mocked itself. The commercials often poked fun of their prior model and flaws with them to brand themselves as more reliable. They were also able to create a sense of community with other Harley owners, as they created the Harley Owners Group (HOG). HOG was a cheap way to also market the brand and has created small revenues, as the first year after

buying a new Harley was included, but the individuals needed to renew their membership themselves. HOG has one of the highest group renewal rates around 83% and as of 2005, has 1M users worldwide and 100,000 in Europe alone. This worked and over the next few years, Harley captured many new users and the investors were able to capitalize on profits that were tri-fold what they had initially invested.

However, with most successful brands, people become jealous and competitors quickly move in to imitate the products. In the early 2000s, to keep up with competition, Harley needed to continue working toward improving their products to develop more of a competitive advantage. Therefore, they upgraded their 1340cc engine to a 1400cc one; however, this was a time where people did not want accept change. The marketing strategy they used was, “We changed everything without changing anything,” and this proved to be successful.

Berry ended his presentation on Harley with giving us some key statistics. He also discussed the difficulties with trying to capture the younger audience, as they did this by music, something younger people can relate to. They would sponsor concerts and advertise with radio stations. Today, Harley continues to market by employing play on word strategies, working with other companies, celebrating anniversaries and branding success.

Next, he discussed some difficulties with Cadillac, as he referred to it as, “The New Challenge.” They had to work toward re-branding the Cadillac to portray more of a sportier, luxury image of it for the younger audience. He began by playing a commercial which compared Cadillac to other luxury brands, then explained that this type of advertising is not allowed in Europe. Europe has laws against comparative advertising

and also any type of advertising that would give the impression of speed. In Europe, they used Kroymans Corporation not only to import their cars, but also to position a strategic business associate for GM and to work as a liaison office in place of Cadillac Europe. Eventually, the Chevrolets were phased out to free up the brand for a recent Korean acquisition and also more Cadillac models. Cadillac was marketed as an individualist premium vehicle. They communicated this through avoiding wasteful media and celebrating its heritage.

The last brand Berry introduced was Corvette, which he mentioned was a success story from day one. Corvette was repositioned as a drivers car, which was equivalent to a great European sports classic. Corvette is used as part of a long-term strategy and is a brand that is relatively stable. Due to this, they are able to focus less on advertising the brand itself and more on the special editions of the brands.

#### **DuPont de Nemours International S.A.**



Figure 8 : Exterior View of DuPont – Geneva, Switzerland

Ana Villalpando, from Corporate Communications, began by giving us an overview of DuPont and how they have evolved to become the diverse company they are

today. She opened with a short video clip about DuPont that quickly introduced us to some of their products and what they do, then followed up with their mission, core values, recent statistics, historical background and the future of DuPont.

DuPont was founded in 1802 on the banks of the Brandywine River in Wilmington, Delaware, from a man who was trying to develop gun powder. They experienced an explosion in 1818, which underscored the need for safety. In 1903-1904, an experimental station was founded in Bloomington, Delaware, and DuPont moved into the chemicals market. During the Great Depression, two of the major inventions of the 20<sup>th</sup> century were discovered: Nylon in 1934 and Teflon was accidentally discovered in 1938. the 1960s began a “New Venture” era, where Lycra, 12 out of 20 products of the moon suit, Kevlar and Nomex, and Corfam were developed. In 1972, DuPont penetrated the electronics market and in 1982 DuPont markets their first agricultural herbicide. In 1997, DuPont acquired an interest in an agricultural company, Pioneer. And, 2002 and beyond, DuPont diversifies their portfolio into biotechnology, material sciences and more.

DuPont’s mission is to increase shareholder growth, societal value and to reduce their environmental footprint. This is done through their core values of safety and health, environmental awareness, ethical behaviors and respect for people. As of 2008, DuPont employees 57,000 people worldwide in over 80 countries. They have over 500,000 products and serve over 400,000 customers. They spent nearly \$1.5B in research and development and reported \$30.5B revenues, which came primarily from their agriculture/food sector (29%), motor vehicles (20%) and construction materials (11%). Their top two geographic markets included the USA (36%) and Western Europe (23%).

DuPont has focused on four strategies, which they call megatrends. The first is the need for increased food production and higher value foods. This includes producing food more efficiently and increasing the nutritional content in foods. The second is the demand for renewable energy and materials, which includes solar and wind energy products and incorporate the use of more energy-efficient materials. The third megatrend Ana discussed was expanding the emerging markets, which includes penetrating the markets of China, India, the Middle East, Sub-Saharan African and Eastern Europe.

The three growth strategies of DuPont include: put science to work, power of one DuPont and go where the growth is. Innovation is a key enabler for growth and is important to maintain a competitive advantage over other companies. This is why DuPont reinvests a lot of their profits into R&D, but also 34% of total sales come from new products. DuPont's 2015 sustainability goals include serving the marketplace and reducing DuPont's foot print in the environment. The overall key messages Ana portrayed were market driven innovation, dynamic science and sustainable growth.

Next, Ana introduced a case study that dealt with responding to a changing market in times of a crisis. She introduced the real problems DuPont faced in Q4 of 2008 with the economic crisis and posed the question of what to do about a negative decline over the prior year's quarter and also about declining orders. After she allowed us time to consider this and respond, she gave us feedback and told us their actual short-term strategies they employed to get through the tough times. These included decreasing their inventory and moving more toward Just-in-Time production schedules, creating more of a customer focus, increasing R&D and innovation, preserving cash and most importantly, never wasting a good crisis.

Next, R. Max BeheshtSaraei gave us more of a business overview of his specific department at DuPont, DuPont Protection Technologies (DPT). Max worked specifically in the Finance department working with sales and customer service. His job functions entailed working primarily with Kevlar and Nomex products, which were light fibers used to protect. Max worked with sales and after sales activities throughout the Europe, Middle East, Africa (EMEA) region and worked on projecting outlooks and order processing. He also worked with the sales to cash process, cash, logistics and global exports inter-company. DPT's mission was closely aligned to the company's, and was to protect lives, processes and the environment.

Next, Max went into detail about the products he specifically works with, the two types of fibers. Fiber serves a very diversified customer base and leverages a unique combination of technologies. Kevlar was invented in 1965 by Stephanie Kwolek and is focused more on lightweight strength. It has a direct application in life protection and is commonly found in helmets, protective vests and tanks. Kevlar offers excellent performance against diversified threats under extreme temperature and humid conditions.

Nomex is a synthetic fiber, developed in 1963, which does not melt. Its uses include electrical piping, filtration, protective apparel and transportation. Similar to Kevlar, the majority of Nomex is built into materials other products are using. Mass transportation is a big market for both products by using a honeycomb sandwich shape (which we all were able to see). Oil and gas pipelines also use Kevlar and Nomex in the form of paper fiber, as well as automotive hoses and tires.

DPT's strategy and investment history includes continued leadership and future growth through innovation, customer intimacy, market expansion and productivity

improvement. They are able to face the global financial challenges by maximizing variable contribution dollars, dramatically reducing spending, zero-based capital expenditures and aggressively working toward reducing working capital.

### **Print Media Academy**



Figure 9: Print Media Academy Sign – Heidelberg, Germany

Detlev Dierkes, who had been working for Print Media Academy for 12 years in the Education department at the Heidelberg branch, began our discussion by discussing the current economic condition of the building and company, then went into the Heidelberger Druckmaschinen AG branch of the organization and concluded by giving us data about the power of print. We had a break in the middle for a nice lunch down in the bar area of the building and snacks and drinks in the middle of the morning discussion.

The building that houses the Heidelberger Druckmaschinen division was originally opened by the former chancellor ten years ago. The purpose of the building is education, training, knowledge transfer and to be opened to the public. Detlev mentioned

that companies can rent the building out at times and advertise, for example a car company put a new model in there and invite the public in to see it.

Next, Detlev went into how the current economic conditions are affecting the print industry, specifically the Heidelberg printing. He stated that the company's belief is that knowledge is necessary to survive the current crisis and that we are in a situation where knowledge is everything. Products and systems can be copied, but knowledge cannot. This, combined with the German governmental laws, is why training has recently become more of a focus. Heidelberg employees are only working about 50-70% of their regular time, but are getting paid for 80% and during their extra time, they are working on knowledge qualifications, so this will better able them to come out stronger.

Additionally, to help aid in getting through the current crisis, Heidelberg also laid off 4,000 employees worldwide, which is about 25% of the workforce. He said they will receive benefits for one year after the terminations. He also stated how it is the responsibility of his company to help their customers finance options and the machines, as banks are not offering financing options as they once were.

After a few questions, Detlev went into detail about how the terminated employees were determined. He discussed a point matrix that seemed to be typical around Germany, where people would receive one point for each year of tenure, five points if he/she were married, points for children and/or points for being handicapped. The higher the number of points an employee receives, the better off they are and less susceptible to getting laid off. Moreover, the points are used for the amount of severance they would receive if he/she were laid off. Detlev mentioned that the company attempts

to lay off people who are too expensive and those who are inexperienced, as it is easier for them to get another reasonable job.

Advertising is everywhere and printed stuff is everywhere. The print technologies that Heidelberg focuses on include sheetfed offset, flexo printing and a quarter of the web affect. The company also focuses on 7.25 out of the 8 industry applications in about 170 different countries. This makes them a global player, thus they must consider currency and cultural differences, which at times can be difficult.

After giving us a brief overview of what his company does, Detlev went into detail about the history of Heidelberg. Heidelberg was founded in 1850 by Andreas Hamm in Frankenthal, Germany. In 1869, the company was relocated to Heidelberg and experienced the first serial production of a printing press in 1926. Then, in 1929-1930, the World Economic Crisis stopped all activities in the factory, so to stay afloat, they began producing motorbikes for a span of 3 years. The Wiesloch plant was opened in 1957, which at this day is the world's largest and most advanced site for the production of the printing press. The offset press was introduced in 1962, by Heidelberg and represented the switch to new technology. In 1981, the worldwide sales organization was opened, which allowed sales through dealers in the big markets. The finishing business, which is now known as postpress, was created in 1996, and this allowed for folding, cutting and all of the things that occur after printing. Conversely, prepress was introduced in 1997 and includes all of the activities that occur before printing, such as setting up, imaging and retouching.

Now, Heidelberg is the market and technology leader in sheetfed offset technology with more than 200,000 customers in over 170 countries. They

predominantly serve 500,000 medium-sized print shops worldwide, with 11,500 in Germany alone. The worldwide printing volume runs around 450 billion euros per year. However, the biggest printing press is based in Chicago, IL. Heidelberg has also been focusing on the BRIC (Brazil, Russia, India and China) countries and the emerging markets in order to better prepare when those economies are prepared to grow. Heidelberg also has 13 production and development sites, mainly throughout Germany. Due to the fact that printing presses are so expensive and specific to build, they are only built made-to-order, thus has about one month turnaround time.

The service provider for Heidelberg is the Print Media Academy. They provide the training and education facilities for employees and customers of the print media industry. They also serve as the center for qualification and communication and have a worldwide network of 16 sites with 1 projected to begin in 2010. They provide local training in the native language in the local market and training facilities. Print Media Academy also tries to eliminate powerpoint training and has moved more to face-to-face training, which is largely why Detlev travels nearly 50% of his time.

Detlev concluded his presentation by discussing the power of print. He mentioned how Heidelberg has 45% of the worldwide market share in the sheetfed offset printing. The worldwide advertising expenditures are estimated to be around 339 billion euro per year. This market was broken up in 2008 by 38% of print, which includes newspapers and magazines, and 62% of nonprint advertising, which is television and internet. Detlev stated that educated and well-to-do target groups tend to have a greater affinity for print and that the average time spent on media in Germany has gone up nearly 75% from approximately 346 mins/day in 1980 to 600 mins/day in 2005.

He also gave a comparison of print, internet and television. He said that print stems the flood of information, is nonintrusive and provides a good image with high credibility. He said that the internet provides up-to-the-minute information, new possibilities of communication and can be an annoying type of advertising. Television is losing ground to the internet, provides more of an emotion impact and more powerfully delivers messages. Each venue of advertising is effective, it just depends on what one is attempting to use the advertising for and what kind of impact they hope to portray by it.

### **PricewaterhouseCoopers**



Figure 10: PricewaterhouseCoopers in Amsterdam, The Netherlands

PricewaterhouseCoopers (PwC) is one of the world's largest accounting networks and is one of the remaining Big Four accounting firms (the others being Deloitte Touche Tohmatsu, Ernst & Young and KPMG). PwC was formed when Price Waterhouse merged with Coopers & Lybrand in 1998 and has a history of client services that date back to the nineteenth century. Today, PwC serves 16 industry sector concentrations with approximately 770 offices in over 150 countries. The accountancy offers clients

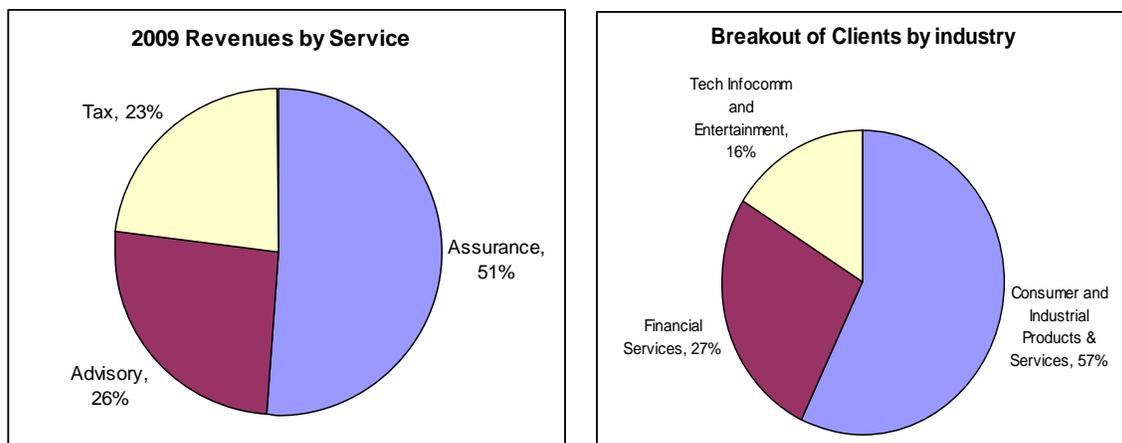
with assurance, tax and regulatory services. PwC works with some of the largest companies in the world, in addition to catering to other smaller businesses.

Upon arriving and checking in through security at the PricewaterhouseCoopers facility in Amsterdam, we were greeted by Ronald VanTongeren and Leandro VanDam who were both partners at the company and had spent some time living and working in the United States. Ronald began by discussing the PwC experience, which is what he felt differentiated PwC from the competition. The PwC experience was introduced after a survey found that current and potential clients felt there was no real distinction from them among the other three accounting firms. PricewaterhouseCoopers was not satisfied and strived to create a more unique experience for their clients, which would hopefully give them a competitive advantage. The strategy of the PwC experience includes a focus on customer relations, innovation, diversity, career and talent management and bold choices.

Ultimately, PricewaterhouseCoopers desires to become a company that organizations would aspire to work with, a company that people recognize as a great place to work, a benchmark for performance and a company that everyone wants to know what they think. There are four distinct behaviors that the PwC experience concentrates on, which includes client value, putting themselves in the clients' shoes, sharing and collaborating and investing in client relationships. The company is tailoring the approach and personal attention to certain specific issues that deal with employee turnover and attrition, increased visibility, 360 degree feedback and empowering their employees. Ronald ended his presentation by telling us the muffin story, which helped to prove how something small, such as being considerate to the potential clients and bringing in muffins for breakfast, can be a key factor in the decision-making process.

Next, Leandro gave us an introduction to PwC, which included a brief financial overview, some facts and figures and a little background on the Securities Exchange Commission (SEC), generally accepted accounting principles (GAAP accounting) and International Financial Reporting Standards (IFRS). Leandro followed with more information about PwC and how they build public trust and enhance value for both public and private clients, as well as the shareholders. He stated that more than 163,000 people share their thinking, expertise and solutions to develop fresh perspectives and practical advice. PwC is situated in three clusters which includes the West (United States), Central (United Kingdom) and the East (Hong Kong and China).

Financially, PwC generated over \$26.2 billion in revenue that was broken up with 51% coming from their assurance services, 26% was from advisory and the remaining 23% was accounted for in the tax services. As illustrated by the below pie chart. Additionally, the other pie chart depicts the majority of the clients are in the consumer and industry products and services industry.



\*Based off of 2009 figures and data was taken from the lecture by Leandro VanDam on January 12, 2010

Leandro wrapped up his presentation by discussing the PwC mission statement, which includes the main concepts from what the PwC experience strives for and is to “be

the best professional services provider across our chosen markets and services evidenced through clear market leadership, sustained premium earnings and recognition as the best place to work.” He also briefly discussed the global strategy PwC employs and how they have undisputed market leadership.

### **Heineken International**



Figure 11: The Heineken Tour Bus in Amsterdam, The Netherlands

Heineken is a company that brews its own beers and manages a variety of different beer brands. Its principal brand is Heineken, which is the world’s most valuable international premium beer brand; however, the company also includes over 170 international, regional, local and specialty beers. Some of the more well-known brands Heineken owns includes Amstel, Moretti, Newcastle, Foster’s and Strongbow. They have mostly acquired the other companies over the years.

Heineken has strong international presence and is available in nearly every country on the planet. Heineken consists of six geographical segments, which include: Western Europe, Central and Eastern Europe, the Middle East, Africa and the Americas. To help with the international influence, they have a global network of distributors and

119 breweries in more than 65 countries, which brews a Group beer volume of 139.2 million hectoliters. They are continuing to expand and are growing daily in emerging beer markets, such as China, Russia and Latin America.

Heineken is named after its founding father and began over 140 years ago when Gerard Adriaan Heineken acquired a small brewery in the heart of Amsterdam. Since then, four generations of the Heineken family have expanded the company and the brand throughout Europe and internationally.

Part of our Heineken experience included a tour of the facilities and also learning about the process from brewing all the way until it leaves the manufacturing facility. We began at the *Haystack*, by watching a video that discussed the three main ingredients (water, barley and hops) and the five steps of the brewing process. The first step is to purify the water, which Heineken uses a large amount of water and the Amsterdam plant even has its own water tanks. Clean and pure water is the single, most important ingredient of Heineken, as there are five liters of water used to produce one liter of Heineken. The second step is to process the barley and turn its kernels into malt. It converts the starch and protein from the kernels to produce soluble sugars and proteins. This process generally takes at least ten days, as it needs to soak for a day in half to begin germination, then the barley gets dried in the mill and turns into malt after about seven to eight days, then the malt gets boiled and mixed with the purified water, which turns it into mash copper and lastly, goes through a filtering copper. The third step of the brewing process consists of adding the hops, which gives beer its distinct bitter taste. This step also includes boiling the mixture to remove the bacteria. The fourth step includes fermenting the brew for seven days, where yeast is added (which gives Heineken

its unique flavor) and its alcohol content reaches 4.5%. The resulting brew moves to the lagering tanks, where it matures for four to six weeks and increases the alcohol content slightly more during the secondary fermentation. The final step in the brewing process includes filtering the beer to remove the yeast, bacteria and any undissolved proteins.

The next part of our experience was to ride the tour bus (in the introductory picture) around the campus and to tour the facilities. Our tour guides pointed out the water tanks, we got to go inside and witness the brewing process (which it was much warmer in there and very few people). Then, we got to see the main building in which the bottling, packaging and preparation for shipment occurs. We saw the bottles getting washed and distilled, which was all done by machines. Next, we saw the bottles getting placed closely together, then get filled. There was a lot of dripping and the floor seemed wet with spillage from both the washing and the filling. Then we got to see them get organized in order to get packaged, then they got packaged, the packages got organized on platforms, then the platforms were shrunk wrapped. The last step was the most physical part, which included moving the large packages with bobcats. The process is entirely automated and the machines did most of the work. The most people we saw were mopping the floor from where it spilled and also the packaging to work the bobcats. It was an interesting process to see how it worked and surprising that there were such few people who actually worked there.

After the video and our tour, we got to go back to the *Haystack*, where we started and were allowed to sample the Heineken and some of the different brands they owned. I had no idea they owned so many brands and there were a lot of beers I had never heard of

that I actually ended up liking. It was a neat social experience with our group and great to learn so much about such a great, reputable company and a brand we all know.

## CULTURAL EXPERIENCES

### London, United Kingdom



Figure 12: The London Eye

At first glance, on the coach coming in from the airport, there were not a lot of easily identifiable physical differences. However, after you got into the city of London, it was easy to see the churches were far more adorned than in the United States and the buildings were more reminiscent of New York, as they were far closer together and you could see that the city of London is smaller, thus they found a way to better utilize the space they had.

The hardest change I had to adjust to was the fact that it was so cold, although it was in the other cities, it was the first city I had to adjust to. I was not experienced at walking around in the cold, and I noticed that the places do not use heat to the same extent that we do. Some Undergrounds were cold, the hotel was cold, London was cold and it was a difficult adjustment for me.

Another adjustment I experienced was the drivers on the left side or what is commonly known as our passenger side. When we entered the bus, we entered on the left also, which was the first time I had ever experienced that. Otherwise, the riding experience was not too different, although if I were driving, I might have felt differently. This was also noticeable at the Underground stations, as people walk up on the left and down on the right.

There are subtle things that reminded me that I was not in America. When I struggled with my luggage, I immediately received assistance and was almost reprimanded for not asking for help from what appeared to be the bellboys' manager. He had informed me that that was their job and what they were paid to do and if I do not ask for help, then they would just be standing around. Then, after I received my luggage, he proceeded to speak with them. In America, I think we have much more of an independent nature in ourselves and also in our customer service, which is not what it used to be. Also, when getting onto the elevator (or lift, as the Brits call it), I had felt badly that it was full as I was getting on with my large suitcase and carry-on backpack, thus I apologized to the people on the elevator. I was responded with a "What are you sorry for?" I do remember reading in my research prior to the trip that Americans are often known for apologizing too much, thus I felt very much like an American in that moment.

The current economic climate in London appeared to be in a fairly good condition from my experience. The conversion rate was hard for us, as our US Dollar has depreciated in value against other country's currency, especially the UK Pound (however, not as drastically as it was about a year ago). While we were there at a time when many people were still on vacation, the pubs and businesses I went to did not appear to be

struggling for customers, as they were either full or nearly full. We learned from Nick, the Education Project Leader from the Bank of England, that the UK is also facing harder economic times now, as the rest of the world (and definitely the US) are, as well. They are in the technical terms of a recession, where there has been two consecutive quarters of negative growth and they are not hitting their target inflation. However, being my first experience in London and having no control or base of comparison, it was not evident, as the market still appeared to be flourishing and many tourists were still present.

I felt that I got my feet wet at so many amazing experiences, as we got to experience many great sights at Leicester Square and we also were able to take part of a City Tour of London, where we were able to see some famous attractions that included: Trafalgar Square, Piccadilly Circus, the Parliament building, Big Ben, Westminster Abbey, Buckingham Palace, St. John's Cathedral and more. Also, as a group sponsored event, we were able to attend the British Museum, where we were able to see artifacts from many different cultures and collections over time, including the Rosetta Stone, horse heads from the Parthenon, bronze Egyptian cats and mummified cats and various other ancestral figures from over time. Also, on my own time, I went to the Westminster area and saw Big Ben, the London Eye and a pub, Sherlock Holmes, in the area on the first night. The second day in London, I experienced a London shopping area where it is covered at the top, but opened and went to a Marks and Spencers, which is a popular department store chain and went up to the Camden Town area, which is more local, by the double-decker bus. The third day in London we passed by the Southwark Cathedral, went into the Shakespeare Globe Theatre and saw the Tate Modern and St. John's Cathedral a little closer up. The fourth day in London, I walked around the Kensington

area, saw the Natural History Museum and its skating rink and celebrated the coming of the New Year down by the London Eye. Lastly, on our last full day in London, we went window shopping at Harrods, saw Platform 9 ¾, where the part of the first Harry Potter film was filmed, spent more time around Buckingham Palace and sat in an American-styled bar supporting my fellow trip mate's school, LSU, during its bowl game.

Overall, people were nice in London and I did not experience a large cultural difference. There were smaller, more subtle differences, but nothing too dramatic. The streets were far cleaner than that of a large city in the US, the pubs were cozier and quainter than US bars, the architecture was amazing and the historical presence far surpassed that of the US.

### **Paris, France**

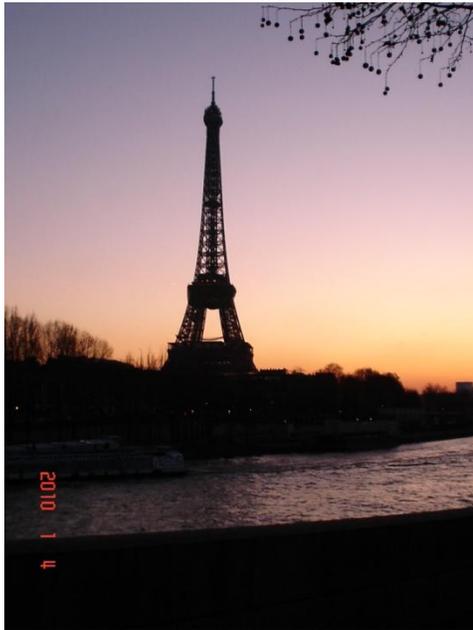


Figure 13: The Eiffel Tower at Sunset

Paris was an amazing experience. It was a nice big city with absolutely gorgeous architecture and beautiful lighting that blew me away. This was actually my second time

in Paris, as I had gone the previous May, but both times were phenomenal experiences. The people were much nicer than what people had warned, as long as you are polite to them.

Some cultural differences I noticed included the increased number of smokers, Parisians were more conversational with each other, and walked and took public transportation far more than what we were used to in the States. It seems more socially acceptable to smoke in Paris and actually throughout Europe than it does in the United States. I especially think this is true for women. I noticed when I was walking down the streets and especially on the subways that cell phones and music players were not as prevalent as they are in the States. If you go on a subway in a major city, no one ever talks to each other. They are either on the phone or listening to their music and are more individualistic, where I felt Paris was more of a collective culture and people were more communicative toward each other. Also, public transportation is more seen as a dirty, lower class thing in the States and people do not walk near as much versus the average Parisian.

Americans are also louder and more boisterous, ruder, larger sized in proportion to Europeans, eat more and have different eating times. We also do not publicly display affection the way that Parisians do. This is true of younger people with a romantic interest as well as normal everyday relationships. Americans will greet by a handshake, if it is a formal situation or the people are not too familiar with each other; whereas Parisians will make the motions of kissing each cheek for women, regardless of the situation. For men, they would also make the motions of kissing each cheek if they were close friends, otherwise, they would shake hands. I also noticed that French people do

not chew gum as much as Americans. This could possibly be viewed as rude in the French culture, as we were told that chewing gum was not allowed during any of the business meetings.

The first day in Paris we went to see the Notre Dame, then walked all around and ate at an Italian restaurant that was walking range from Notre Dame. We walked around and saw a lot of sights at night with the lights, then headed back to the hotel. The second day we got to see a lot of great attractions on our City Tour, such as the Arc de Triomphe, the Eiffel Tower, Concorde and the Egyptian obelisk with the fountains, Invalides and then walked around the Louvre. On the third day, I went up to the first and second floors of the Eiffel Tower, walked across one of the most beautiful bridges in the world, went to the Opera Palais, or the original Opera House to try to purchase tickets for the ballet, (although when I waited in line they sold out), then we went on the Seine River Cruise, where we were able to see how amazing and breathtaking Paris is at night. The last night was spent at the Arc de Triomphe and Champs Elysee. The food was delicious and the bars and clubs were a lot more expensive than the States, but were still great experiences.

The economic climate in Paris appeared to be slightly more depressed than London, as I saw an increased number of homeless individuals, as well as beggars and street/metro performers. The metro systems were a little dirtier and the streets were not as clean as London. There was also graffiti around the hotel that was noticeable. Paris still seemed to be in a better economic state than a lot of the bigger cities in the US, especially Chicago, which is what I can relate to the most. Comparing Paris to London is also not an entirely fair comparison, as Paris is a lot bigger in size and population than

London. It is easier to maintain a smaller city, than it is a larger city. However, I did notice a number of street peddlers, especially around the Eiffel Tower. While I did notice the police chasing them away, I was surprised at how many and how persistent they were.

Overall, Paris was beautiful, the people were helpful and more friendly than what I typically experience with the US. Even though London appears to be in a slightly better economic state than Paris, I felt Paris had more culture and history than London. I only felt a slight language barrier, as most people speak at least a little French and I know a good amount of Spanish, so that helped with the written words.

### **Geneva, Switzerland**



Figure 14: Swiss Army Knives Representative of Geneva, Switzerland

Switzerland was a good, but short experience. I understand why there was only one day spent in Geneva, although I did feel the prices were as bad as they were

portrayed. I was slightly disappointed, as I had heard of how beautiful Switzerland is, and maybe it is, but I did not get entirely swept away from Geneva.

Some cultural differences include the fact that Swiss people kiss the cheeks three times, in a left, right, left motion upon greeting. It was a very clean country, more so than Paris and far more than the United States. Swiss people were also more advanced in recycling and had more of a passion for it than the average American. There were containers to separate out the recyclables by type versus the other waste. There was also not much rubbish in the public on the street or the sidewalks. The green initiative was further exemplified by public transportation system. While Geneva was a smaller town, they still had a rail system to try to encourage people not to drive. Most small towns in the United States do not offer an inner-city rail system and often lack all together in public transportation options.

Switzerland was similar to London, where when you went to a pub, you go to the bar and order your own food, pay for it, then they will bring it to you. I did find that Switzerland was more of a beer country than I had anticipated. While they had other cocktails and wines to offer, they had a wide array of beer on tap, as well as bottled beer.

The Swiss people spoke better English than I anticipated they would and it seemed like it was a blend of a lot of different cultures. Though French was still the dominant language, it did not seem as prevalent in Switzerland as it had in Paris. Additionally, our speakers at DuPont had scarcely no accent at all and spoke almost as if they were Americans.

It was interesting that you could use two different types of currency. Switzerland accepted both the euro and the Swiss franc. Most places would give you your change

back, depending on how you paid for it, with the exception of the pub we went to. At the souvenir shops and chocolate shops, when we paid in euro, they gave us change in euro. In fact, there was a time where we requested francs, and she said that she could not, because she is required to give change in what you paid in.

### **Heidelberg, Germany**



Figure 15: The Heidelberg Castle – Heidelberg, Germany

I noticed that there were not as many Germans who spoke English as there had been in the previous countries we had been to. Also, when they did, they did not speak it as fluently. There were some times where they attempted to speak English, but were not as successful.

Also, while we were warned during the orientation upon arriving in London, I never had to pay to use the restroom until we got to Germany. When we had stopped at a rest stop, we actually had to pay a machine before it would spit out a ticket and allow us to pass. There was also an attendant there that manned the booth and I was unsure whether to pay her or not, and it was decided that you do not. Also, I had gone shopping during the free time and needed to use the restroom. There was a lady sitting there with a plate and a few 50 cent euro coins there, so I also dug around to find my 50 euro coin and also placed it on the tab. However, I also noticed that the restrooms were more sanitary than other places. At the rest stop, the restroom had a seat cleaner, where the toilet seat

would circle around and run under a brush. Also, other public restrooms I used had a option of using a seat sanitizer to clean the seat before or after use.

Germany did not as readily accept credit cards. We went to a Café that served German and American food. It was a fairly large café and when the time came to pay the bill, I think we were all slightly surprised that they would not accept credit cards. Our server mentioned that most bars and restaurants, unless they are more expensive ones, do not accept credit cards. He said that besides grocery stores, more expensive restaurants, etc. most places do not take them and even some might take debit card and not credit card. He mentioned that Germany was more of a cash friendly place and it is easier to get around with cash.

Germans also do not want Americans, or others, to drink water. When we ordered water with a meal, we all got shot glass like glasses with a small amount of water. The server also explained that his boss would not allow him to give bigger glasses. The reason for this is that people will come in and order tap water, since it is free, then drink it and bring their own drink and dump into the glasses. Thus, they end up losing sales to beverages people brought in cheaper. Generally, they provide tap water for free; however, there was one restaurant where I was charged 3.10 Euro for tap water!

It was nice that they would readily separate bills, unlike some of the other countries we had been to. Each server/bartender would carry around little black wallets and if you were in a group, you would tell them what you had and they had little electronic tablets that would cross them off and it could add up your total. You could give them more than enough and they would readily accept it and give you change. I did notice that I thought tips were not as appreciated as they were in the other countries. I am

not sure if they were more expected here and perhaps our 10% tip was not sufficient, or they were displeased with Americans, or what it was, but they did not seem as pleased and appreciative as they had previously.

### **Amsterdam, Netherlands**



Figure 16: A Dutch Windmill - Amsterdam, The Netherlands

Amsterdam was a unique experience. I think the most important thing to keep in mind when visiting Amsterdam is to come with an open mind. There are some special customs and activities that Amsterdam offers that make it more renowned and unique. Overall, the people seemed polite and the city was clean, though cold, it was also clean. The main language was Dutch and similar to most other cultures, it is appreciated by the locals to put forth some effort in attempting to learn some very basic phrases, even if one is not fluent. The city was situated with multiple canals surrounding it, which in the summertime would be a beautiful sight to enjoy; however, during our visit in January, the canals were mostly frozen and the boats were docked and not in use.

We started our journey into Amsterdam by stopping at the windmill to take a group picture, and then proceeded onto a quaint shop that makes cheese and clogs. They were interesting presentations and the cheese was phenomenal. The people, not just at the cheese and clog shop, seemed to take a lot of pride in their Dutch roots. Somewhat symbolic of this were how the windmills were prevalent along the countryside.

Some interesting things to note about Amsterdam was the amount of bicyclists and how they are given the right-of-way, even to pedestrians. Bicycling seemed to be the most popular route of transportation and there were even designated bike lanes on the sidewalks. Moreover, bikers have bells that they would ring (similar to our car horn) and some would become upset if you were to get in their route.

Amsterdam is also known as a musical city. While we were there, we stumbled upon an Australian musical store. We actually spent a lot of time in there, as the shopkeeper was very nice, instructional on the different instruments and had a great passion for Australian music, even though she was Dutch. We played an Aboriginal Didgeridoo, many drums and a wide variety of other instruments. The storekeeper told us about her band in Amsterdam and gave us a little bit of knowledge of some of the musical festivities that occur during the spring and summer times.

There were also some things that Amsterdam is known for, however did not necessarily reflect the professional nature of the International Business Seminar program. These included coffee shops, as small amounts of marijuana are legal and these are places where people can socialize, drink beverages (both alcoholic and non-alcoholic) and smoke. There is also a red-light district, as prostitution is legal in Amsterdam and one can visibly see women in the window soliciting for customers in the alleys.

## COMPANY ANALYSIS



### **Historical Summary of Lloyd's**

Lloyd's began in 1688, over 300 years ago, with its roots in marine insurance in Edward Lloyd's Coffee House in Tower Street. There, people who had exposure to risk (typically sailors, merchants and ship owners those days) met with people who had capital, and for a price, would agree to insure them. This occurred for three years until the coffee shop relocated to Lombard Street and continued operations long after Lloyd's death in 1713, until 1774 when the existing cliental formed a committee and moved to the Royal Exchange as The Society of Lloyd's.

The Exchange burned down in 1838 and many of Lloyd's early records were lost, which encouraged the society to go to Parliament in 1871 and pass the first Lloyd's Act, which gave the business a sound legal footing. The Lloyd's Act in 1911 set out the Society's objectives, which included the promotion of its members' interest and the collection and dissemination of information. The society continued to grow and take on large risks, when it was decided that the market participants were too small in relationship to the market's capitalization and risks it was underwriting. Thus, Lloyd's commissioned a Cromer Report in 1968, which advocated expanding the membership to non-market participants, including non-British subjects and women.

Over the years, the company continued growing and adapting to the market and economic conditions. Like other companies, it has gone through its periods of ups and

downs, as there have been many allegations against Lloyd's, some of its Syndicates and its associates, though Lloyd's has gone through some restructuring and has continued to prevail. Currently, Lloyd's implements that same concept and has expanded to cover many specialty areas including: marine, aviation, catastrophe, professional indemnity and motor.

### **Product and Geographic Diversity**

Lloyd's is not an insurance company, rather an insurance market of members. Therefore, Lloyd's itself, does not underwrite insurance business, but gives its Syndicates, which can include individuals (which it calls Names) or companies, the ability to underwrite using the Lloyd's name. The Society operates effectively as a market regulator, sets rules which members operate and offers centralized administrative services to its members.

The Lloyd's market brings together specialty underwriting expertise and talent as well as a market where members need risks insured. Lloyd's is licensed to underwrite business in 79 territories and can accept risks from over 200 countries and territories. 44% of Lloyd's business comes from North America and with a diverse client base that encompasses 90% of the FTSE 100 companies and 93% of the Dow Jones companies. Below are some graphics that were taken from the Lloyd's home page that are figured based off of the Lloyd's 2008 Annual Report. Exhibit 1 depicts the breakdown of business by class or product type and Exhibit 2 illustrates how Lloyd's is broken down by geographic region.

#### BREAKDOWN OF BUSINESS BY CLASS

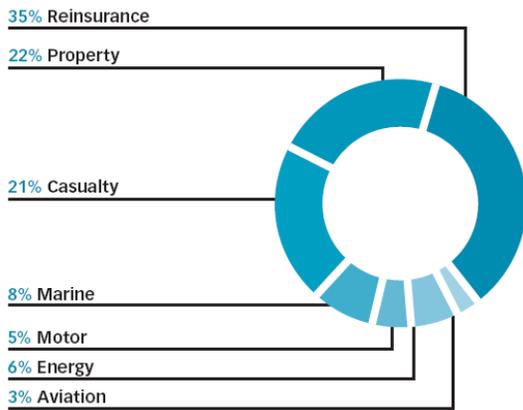


Exhibit 1: Lloyd's Product Breakdown

#### BREAKDOWN OF BUSINESS BY REGION

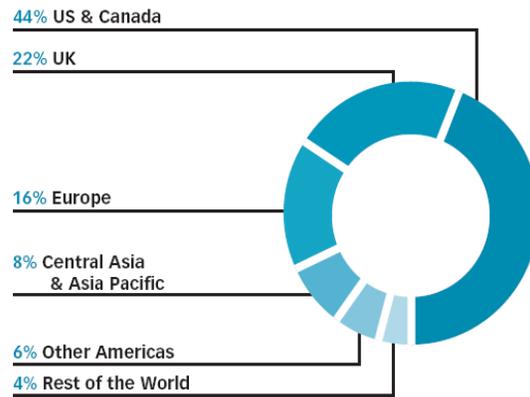


Exhibit 2: Lloyd's Region Breakdown

### Industry Position

Lloyd's prides themselves on being the world's leading insurance market providing specialty insurance services to corporations in over 200 countries and territories through its numerous syndicates. While they do not have direct competitors, as they are an insurance market versus an insurance company, they have a strong position within the insurance industry. Lloyd's has a strong presence and reputable name throughout England in addition to various other countries. The company partners with other underwriters throughout the industry and has strong relations with a large number of prominent companies.

Due to the fact that Lloyd's is an insurance market and not a company, it puts them out of competition with many other insurance companies. Rather, Lloyd's is a partially mutualized market where members of the Lloyd's market join together as syndicates to insure risks. The Lloyd's market is made up of 51 managing agents running 80 syndicates. Lloyd's truly is unique in how they underwrite their business and leads the market in what they do.

## **SWOT Analysis**

### *Strengths*

Being one of the industry leaders in the insurance market, Lloyd's encompasses multiple strengths. One strength Lloyd's possess is the fact that they are not an insurance company and only an insurance market. Due to the fact that they are not entirely responsible for the loss allows them to better be able to withstand huge catastrophes. The risks they underwrite are spread over multiple insurers and reinsurers, so that no one company is entirely affected by the losses.

Lloyd's also has great name recognition and longstanding reputation. The company has excellent financial ratings over many years with multiple companies. They also are renown for the prompt and quality for claims process. The combination of reliable claims service and financials offer confidence to capital providers and policyholders and have created excellent brand image for Lloyd's over the years.

Lloyd's structure is also unique which allows them to respond flexible and often is the first in the market to insure risks. They are also constantly reshaping the company structure to provide more security.

### *Weaknesses*

While Lloyd's is more willing to insure risks more readily than most other companies, it can draw some high profile policyholders, which ultimately can make them more vulnerable to certain risks. Paul gave us a great example of this with Michael Jackson insuring his concert series through Lloyd's. Due to Michael's unexpected passing, all of his future concerts were cancelled which caused a series of events, such as tickets needing to be refunded, lost deposits, negative press was averted, etc. The entire

cost to Lloyd's for the series cancellation ended up around \$18 million, which is quite a substantial sum of money that the company was on required to pay.

Additionally, because the Lloyd's name is so renown, this can make them more susceptible to lawsuits and public scrutiny.

Lastly, while Lloyd's is a fairly diverse company, 44% of the business does come from the United States and Canada, which were one of the hardest hit financial markets.

### *Opportunities*

Some opportunities for Lloyd's consists of new market industry penetrations, emerging market business and potential growth. Currently, they do a fairly good job of taking advantage of insuring new risks to the market; however, new things are constantly evolving which ultimately would mean the possibility for new risks and opportunities for Lloyd's.

Emerging market business is something that a lot of companies are trying to tap into, especially given the economic climates where companies are trying to find new business anywhere. Lloyd's is expanding their presence in countries that have been identified as emerging markets, such as China, Latin America, India and the Middle East, but they could work to continue to expand these opportunities and look for additional ones. These countries are growing, so if Lloyd's is able to get their name out there and earn trust in the countries, it will help to more favorably set them up when the markets continue to grow.

The last opportunity that has been identified is potential growth, in general. While there are some parts of the insurance industry that are fairly saturated, there is room for expansion in umbrella policies, which provide additional liability above what

other policies are currently covering individuals and companies. There is also the possibility of growing and taking market share from some of the competitors. There have been many insurance companies, mostly small, but even some larger ones, who are teetering on the brink with the current financial crisis. AIG is a prime example where the U.S. government had to step in to keep them from going under. Many of AIG's customers lost confidence in AIG's ability to responsibly handle their portfolios and policies and have looked elsewhere for their insurance needs. This presents opportunities for other strong, existing companies like Lloyd's.

### *Threats*

While considering the opportunities Lloyd's could potentially capitalize on, there are some threats Lloyd's should take into consideration. The first lies in the current market conditions of the economic climate. With a downward economy, the values are declining of businesses, properties, houses, etc.. With declining values, there is less need to cover larger amounts. For example, when one takes out an insurance policy on a house, they are covering the amount it would cost to rebuild the house if there was a total loss. However, because property values have shrunk, it now costs less to rebuild the house; therefore, you no longer need as much insurance on the house. This ultimately results in a lower premium, thus lower profits for the insurance company, or Lloyd's.

Another large threat Lloyd's should consider, and probably does, is terrorism. Due to the fact that Lloyd's insures over 90% of all airlines against terrorism, if there were another deadly terrorist attack and/or other national security event that would threaten the market, it would be a large hit for Lloyd's. Moreover, Lloyd's has dominated the market in this specific category, other competitors would not be hit near as

hard and could potentially have a greater advantage over Lloyd's if there was such a loss in the future.

Like most other industries, competition is also viewed as a threat. Other insurance companies create additional competition for Lloyd's, some direct and others indirect. With the increase of startup and expanding insurance companies in the last decade, this surely has cut into some of Lloyd's business, by either losing business and insureds all together, or by the pressure to decrease the company's rates.

The last threat coincides with a strength and opportunity of Lloyd's. While Lloyd's is more willing to underwrite new innovative risks, there is less experience and sometimes little to no loss history. If a product gets incorrectly priced it could eat into profit margins, or if innovations drastically fail, this could lead to potential lawsuits against Lloyd's, since if the liability is insured through them. This could also increase the public image of Lloyd's and put them under more scrutiny.

### **Current and Future Strategies**

Currently, Lloyd's prides themselves in insuring complex and specialist risks that are mostly broken out by casualty, property, marine, energy, motor, aviation and reinsurance lines of business. Their vision is to be the market of choice for insurance and reinsurance buyers. They plan on attaining that by maintaining and developing the attractiveness of the Lloyd's market and focusing on underwriting discipline and risk management.

For the 2009 fiscal year, Lloyd's performed well, despite global financial turmoil. This was indicative to Lloyd's management and shareholders that the company is well-run and the current business models are working in the capacity they had hoped. There

are a few key factors Lloyd's focuses on when planning their current strategy and operating plans. These include: a strong balance sheet, a conservative investment strategy, underwriting discipline and expertise and a more recently, to limit exposure in the lines of business most impacted by the economic downturn. This strategy has proved well for Lloyd's, as they profited in 2009 with a reported combined ratio of 91% (which is essentially that they made nine cents on every dollar they sold).

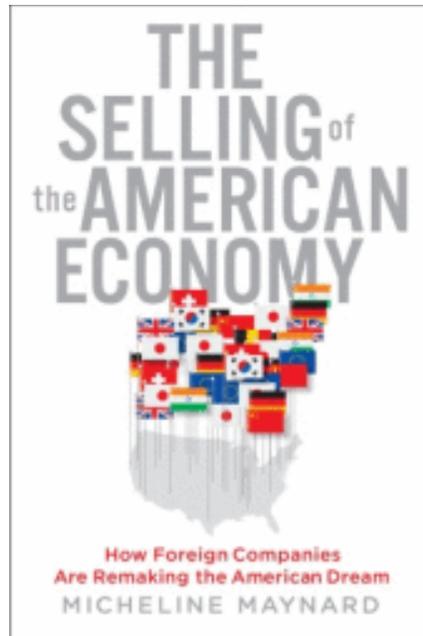
The company is looking to remain stable and conservative with their investments, but also innovative with taking on new risks. They are also trying to maintain how they have traditionally run the business but remain knowledgeable and alter slight things to adapt to the market and the current economic environment. This was evidenced by the withdrawal from segments that were more exposed to the economic downturn.

Looking toward the future, Lloyd's is working to continue to introduce ways to create efficiencies within Lloyd's and how they do business. The company desires to remain competitive and steadily expand into overseas markets to build a platform for the future. Profitability is still a key, as they will maintain high performance standards throughout the insurance cycle. They will also work to offer a 360 degree Risk Insight program, which will offer up-to-date analysis and in-depth research through comprehensive reports, expert opinion, the latest news and film.

Lloyd's is also focused on position itself to help ensure it remains the platform of choice for specialist property and casualty risks in the longer term. To assist in this, the company is working to promote the competitiveness and image of London as a financial service center. Lloyd's is also focused on the broker market, as they view brokers as distribution partners and a key role in the market's ongoing success. Overall, Lloyd's

future strategy is not one of radical change, rather simply providing new clarity and additional direction to help the company continue to thrive. Lloyd's currently does and will continue to work to be “the market of choice for insurance and reinsurance buyers and sellers to access and trade specialist property and casualty risks.”

## BOOK ANALYSIS



### Introduction

Micheline Maynard, a senior business correspondent at the *New York Times*, authored, *The Selling of the American Economy: How Foreign Companies are Remaking the American Dream*. In this book, Maynard discusses foreign versus domestic companies in the United States and openly discusses her disapproval for those opposed to foreign companies, or as she puts it, has a lingering xenophobia. She argues that foreign investments are an overwhelmingly positive force for America and should not be looked at negatively. Her book discusses how foreign companies create additional jobs and

pump money into the communities, while also bringing diversity and innovation into the marketplace.

In this recently written book (copyrighted in 2009), Maynard discusses globalization and how imperative it is for Americans to accept it to stay competitive in the global marketplace. She discusses the financial crisis and how companies are crumbling and unemployment rates are soaring and how foreign companies are either attempting to help by offering jobs or trying to financially invest in helping to bail out other companies.

Maynard looks at foreign investment primarily from the perspective of American workers, American communities and her own experiences from the vast knowledge she encompasses. Throughout the book, she focuses on specific companies and uses real-life examples from these companies, which include Toyota, EADS, Tata and Haier. By using these companies, she attempts to represent the major regions, industries and varying levels of size and visibility with the average U.S. citizen. In her argument, she also uses interviews, quotations and her own experience, both working for the *New York Times* and her research she has done for her prior books on the auto and aviation industry.

### **Major Theme**

The prevailing theme throughout the entire book is how Maynard believes that foreign investment is beneficial for the American economy. She interviews individuals who have benefited first-hand from foreign investment, some who have moved states to be able to provide a better life for their families and others who have just moved across the street from an American-owned competitor because the wages and benefits were more favorable. She also interviews governmental leaders and top management at

foreign companies to gain their insight and learn how the companies were able to successfully assimilate into the American culture.

According to Maynard, foreign investment represents approximately 15% of the Gross Domestic Product (GDP) in the and nearly 3% of total employment in the United States. Therefore, if all of the foreign-owned companies are terminated in the United States, we would have an unemployment rate of about 3% and a drop in GDP of 15%. She argues that people should not look at this nationalistic as in Toyota is taking over the U.S. automakers, rather that foreign companies are coming over here and bringing jobs. She argues that jobs are important for the community. Another benefit of foreign investment is the runover effect of the foreign companies. By trying to overcome the fear and suspicion of the foreign companies, they donate more to the community in parks and cleaning up the cities.

Haier, a Chinese manufacturing appliance company, is an interesting situation that is somewhat counter-intuitive. Why would Haier come to the United States when they already have access to inexpensive labor costs and a growing economy with government backing? Moreover, they did not choose to send in their own executives and top management to do the work, rather they hired Americans to set up their operations and to generate ideas and to find native talent. The company's intention is to grow in the American economy and they felt that having a stronger presence in America will help to bolster their sales and ultimately make it easier for expansion.

Tata is a huge company in India that is focusing on expanding in hotels in the United States. They currently own the Taj in Boston, the Campton Place Hotel in San Francisco and a \$130M renovation at the Pierre Hotel in New York. They are expanding

more quietly, but within 10-20 years, they also want to be well-known in the United States. Tata focused more on picking their niche markets and communities and chose a specific and targeted strategy that their management believed could be a success. They also had to overcome obstacles to be accepted by the American public. Initially, after trying to take over the Ritz Carlton, an iconic legend in Boston and now known as the Taj, they were regarded with much criticism and pushback. They had to endure this and promised to uphold many of the renowned characteristics of the Ritz in order for the Taj to be successful, in addition to renovating it and adding their own upscale touches.

Foreign investment in the United States is much an emotional reaction as it is an intellectual reaction. The symbolism of American companies around the world has taken on a large impact. Brand names speak for America, such as Pepsi in Moscow or Nike shoes throughout the world. Traditionalists think of these American companies penetrating world markets as representatives of American society in other countries. Thus, when you see foreign investment here, it may feel like a defeat to some people, that we can not and are not doing it good enough, so these people from out-of-country have to come here and show us how to do it. However, Maynard argues that often times these companies come here and hire Americans. Therefore, many people do not realize that American skills and knowledge go into manufacturing these products while also providing opportunity to many Americans.

Maynard even discusses the political realm of foreign investment and how community leaders are lobbying to allow these companies into their communities. She addresses the American government and how they handled foreign investment through Chrysler, when they chose to bail them out, while at the same time turning it over to Fiat,

an Italian automaker, who was willing to provide management to Chrysler. At a time when no other American company was willing to take on Chrysler, Fiat was willing to help provide management assistance. In the end, she believes that the government wants to support the American economy and although they try to sit on the fence to the protectionists who are trying to protect the American icons, they recognize and support the fact that foreign companies can provide assistance and help to economically stimulate the economy.

### **Ideas and Concepts**

Along with the concept of foreign investment, the idea of capitalism is also inferred. Without capitalism and the economic cycle of people working and spending money, there would be no need to invest. Maynard assumes that the marketplace is expanding and will continue to grow over the years, which is largely why companies are interested in investing internationally. The companies are hoping to expand their operations and to do it profitably. With the population and consumer index in the United States, it makes it a marketable country to want to penetrate. It comes as no surprise that America is and has been very capitalistic in nature

Globalization also goes hand-in-hand with foreign investment, as companies are expanding their businesses internationally across borders. This expansion integrates societies and cultures in a global network of communication and trade. Maynard discusses our global world and how especially now, in the twenty-first century, manufactured goods can be made in dozens of countries and global capital knows no borders. She also poses the question to those opposed to foreign investment of the “nationality” of companies. She elaborates that even a traditionally American company,

Anheuser-Busch, had recently sold to InBev, a Belgium company. Along with promoting globalization, she opposes protectionism. In a global business world that is not limited by national borders, an economy that refuses to look forward is bound to lose its competitive advantage over time.

The idea of the “American dream” is prevalent throughout the book and in fact, is even part of the title. Maynard wants people to understand that foreign companies are helping to bring the reality of the American dream to many middle class and working middle class families. In fact, she interviews many people who are employed and have worked their way up at Toyota or Haier, and how before these opportunities presented themselves, they were not living as glamorous of a life. She discusses how these people have stability in their life now without the help of any union representatives and how they have consciously chosen to work for foreign companies and even actively fight for the competitive job openings.

The last and probably least important concept that Maynard tries to get across is the idea of a targeted market approach and narrowing the scope before entering a new market. Tata was a great example she used, as the company that focused on just a few industries when they expanded internationally, even though they manufacture cars, products, goods, etc. Instead of trying to be all things to all people, she believes that a more specific focus of a targeted market approach is better. This goes along with the concept that less is more. Choose a specific strategy and stick with it, instead of trying to branch out and grow too quickly in other segments.

## **Relevance**

There is actually a significant amount of relevance in this book in today's economy. Not only with the unfavorable market conditions many companies are facing and continuing to look for growth to help turn a profit, but also in the idea of competition and the fact that many companies must consider expanding overseas to remain competitive if they have not already done so. Although Maynard does not necessarily address globalization and foreign investment from the companies' perspective, she does discuss it from the perspectives of the communities and the potential employers. She also addresses the (often negative) sentiment that might be felt in a protectionist country. Which probably impacts less people than it once did, but still has a lingering impact on some.

Lastly, Maynard urges individuals to keep an open mind about the future. Help the American economic scene by having an open mind about who they work for, where their operations are based, try to be attuned to what local customs are (southern vs. east cost). It is important to be sensitive to the people who you work and the community you work for. Additionally, with improved globalization, it is imperative to be opened to the world as a whole, whether the world comes to the US or you go out more globally to the world.

## **Strengths**

One strength of Maynard was that she chose a topic that had a lot of relevance in today's business world. There are many business executives who are currently discussing ways for growth and many of the proposed solutions involve globalization and expanding overseas and/or into emerging markets. Maynard also effectively used very specific

examples and provided a lot of detail when retelling the stories of some American families. Her writing is descriptive and easy flowing, which helps to draw the readers' interest in a way that they understand and to keep them captured.

She is also very current in her examples. She talks about the economy and the financial downturn that we are still experiencing, she discusses the bailout of the American conglomerates in the auto and financial sector industries. She uses timely data and draws her own conclusions on how and why the companies have fallen into the devastating situations. Her concept of globalization is a current topic that is still in the hot seat of many company discussions. She openly addresses the companies and the conflicts they faced and how they were able to overcome and eventually win over the hearts of the communities.

### **Weaknesses**

While Maynard identified many great points about foreign investment, she failed to identify any negative ones and painted a very optimistic picture about foreign investment. She focused primarily on larger companies who built large factories and employed thousands of workers and helped out within the communities; however, she never addresses the large amount of companies who do not necessarily give back to the communities and try to win over the American hearts. While there are companies who do pledge thousands of dollars to help clean up a city or pay their workers more than an American equivalent would, she does not look at the companies who do not employ those same policies and beliefs. Foreign investment in the United States does not just apply to the companies you hear the most about; rather, it also includes the companies that people have never heard about at all. Maynard does try to address this, but she fails to mention

some of the companies that have received negative press or are not properly executing during the process.

She also just focuses on the positives of foreign investment and fails to bring up any negatives. Strong arguments generally identify even a few weaknesses, whereas she simply brings up opposing arguments and tries to derail them.

## EVALUATIONS

### Locations

| Locations              | Rating (1-10) |
|------------------------|---------------|
| London, United Kingdom | 8             |
| Paris, France          | 10            |
| Geneva, Switzerland    | 6             |
| Heidelberg, Germany    | 8             |
| Amsterdam, Netherlands | 9             |

Paris was my favorite city as I felt there was so much culture there. There were many things to do and sights to see and it was different than the everyday American rushed style of living. I surprisingly felt Amsterdam was next, as it was definitely a unique place to visit. The way of life is entirely different and it just seemed like people had a greater appreciation and focus on enjoying life. Next, I rated London and Heidelberg the same. I think I would have liked London more if the weather was better and I had not experienced a lost wallet, camera case and earring (a separate instance). It was also an adjustment period to the program, the people and felt odd to get out of my daily working regimen. It was still interesting and neat to see the British pride and royal heritage. Heidelberg took me by surprise, as I had not anticipated much from the small city; however, I felt the small town had a neat feel. I liked the fact that we were able to experience a European smaller town and thought the castle tour was amazing and

intriguing. Lastly, I rated Geneva as a 6 largely because I did not feel like I really got to experience it. We were really only there for a night, it was small and cold and there was no planned activities there, so there was not a lot to basis for comparison.

### **Companies**

| <b>Companies</b>                                      | <b>Rating (1-10)</b> |
|---|----------------------|
| Lloyd's of London                                     | 10                   |
| John White – History of the EU                        | 5                    |
| Bank of England                                       | 9                    |
| Graham Brown – Living & Working in the EU             | 3                    |
| Firm de France - Harley Davidson, Cadillac & Corvette | 5                    |
| DuPont de Nemours                                     | 8                    |
| Print Media Academy                                   | 7                    |
| PricewaterhouseCoopers                                | 7                    |
| Heineken International                                | 10                   |

Heineken and Lloyd's of London were my favorite. I had a particular interest in Lloyd's of London, as I have worked in the insurance industry for the past five years and currently work in a niche product specialty segment. I thought that Paul did a great job and really enjoyed the tour. I also loved the Heineken tour, thought it was informative and interesting to learn about the brewing process and see how the beer goes from water to the store shelves. I also liked the testing period and thought it was a great way to end the company visits.

Other than that, John White had some interesting points, was very opinionated and a bit dry. I also felt he spent a lot of time focusing on the wars (although I recognize he was trying to explain the evolution of Europe and the turmoil within it) and not as much time with the actual EU. I ranked Graham Brown the lowest, primarily because I felt it was a repetitive presentation to John White's. It's not that Graham did a worse job

than John, but I felt he was supposed to be discussing what it was like to live and work in the EU and while he briefly touched on it, he could have went into further detail. Also, the Firm de France was interesting to see how the three brands evolved, but there was no real mention of the Firm de France. I also tried looking up information on this topic, but was unable to find anything of substance. I thought it was unclear whether we were supposed to be researching the Firm de France or the brands Harley, Cadillac and Corvette.

The remaining companies were fairly similar in ratings. I liked the Bank of England (although I heard we had the better speaker), although I did think the video was generalized to the typical population and not necessarily catered toward business students who already have a good understanding of economics and the business environment. I probably would have liked the Print Media Academy better if I sat more toward the front, as I had a harder time hearing Detlav. Overall, a great group of companies and interesting to learn about them and the different industries, as well as see the cultural influences in the business environment.

**Hotels**

| <b>Hotels</b>                    | <b>Rating (1-10)</b> |
|----------------------------------|----------------------|
| Crowne Plaza, St. James - London | 6                    |
| Marriott, Rive Gauche - Paris    | 8                    |
| Cornavin Hotel - Geneva          | 8                    |
| Leonardo Hotel – Heidelberg      | 9                    |
| Park Hotel - Amsterdam           | 8                    |

It would have been nice and much more convenient and beneficial to have Internet access at all hotels. Being on a different phone network, I had anticipated on

keeping up with people back home via email. Also, there were some bills and such I intended to pay while overseas; however, it was not as convenient as I would have hoped.

*Crowne Plaza – London*



Figure 17: Crowne Plaza – St. James in London

Upon entering and from the street, the Crowne Plaza looked nice and elegant. There were adorned bell people ready to serve you, as well as three attendees behind the check-in desk that dealt with our large group of visitors. It was unfortunate that we arrived before my room was cleaned; however, a fellow NIU student allowed me to rest in her room while I was waiting for mine. Her room was nicer and more updated, however, mine was not. My bathroom sink had a crack in it, the bathroom had a funny smell (that I was unable to identify because cleaning product appeared to be covering it up) and the room was cold due to the bad windows, even though the heat was turned up all the way. The hotel was a bit of a maze, although the signage was helpful and accurate. We had adequate closet and dresser space and there was also a hairdryer and iron in the room.

The only real complaint I had could have been a cultural issue also. The housekeeping did not knock when coming to your room; rather, they would simply open the door. I experienced this one time when I was in my room and they were coming to clean my room. When I had shared this experience with my roommate, she mentioned that one time she was in the room and saw a guy in the hallway who was handing out advertisements for their New Years snacks. She had a somewhat similar experience, when he knocked and she did not answer, he automatically walked in, then feeling awkward handed her the slip of paper and left.

It was nicely situated close to Buckingham Palace with a couple of local pubs closer by. While it was further away from other attractions, I liked the location of it, as it was more quaint and quiet. We were able to pickup wireless internet in the lobby, which was helpful. Also, the lobby was a nice meeting spot where our group members tended to congregate.

### *Marriott Rive Gauche*



Figure 18: Marriot Rive Gauche – Paris

It was nice to enter the Marriott, as immediately it felt more accommodating and more like home. However, for being an American hotel, I was disappointed about the

internet situation. I purchased a pre-paid card to use the internet at the hotel, as it was rather expensive to use the wireless, however it took so much longer to use it, as they only had European keyboards which were quite an adjustment. The staff was friendly and the breakfast was suitable. The room accommodations were nice and, in my opinion, better than the previous Crowne Plaza.

As far as the accommodations, we were offered an empty fridge with the option of ordering from the mini bar by contacting room service. We also had a small safe, iron and blow dryer. The beds were very comfortable both in feel and also in having a little extra space between the roommate's bed. The half shower door was an adjustment, as well as having a separate toilet room. The location was slightly further away from most of the main attractions, but the help of the Metro card proved extremely beneficial. Overall, the hotel was nice, I was just disappointed with the internet situation and the location was a bit further from the attractions.

*Hotel Cornavin - Geneva*



Figure 19: Hotel Cornavin – Geneva, Switzerland

The Hotel Cornavin was a decent hotel. I had no real complaints with this hotel, but did notice the largest amount of differences between this hotel and an average hotel in

the United States. The key was large, bulky and heavy. There was also only one key given per room and it was recommended that you give it to the desk staff upon leaving. There was even a drop box to place it in if the staff was occupied. When you arrived back at the hotel, you would tell them the hotel room; however, I noticed that they didn't necessarily check to ensure it was truly the occupant of the room. This would probably not pass in the US, as I would think there would be safety concerns and a more regimented process would be in place; however, it seemed to work for the evening we spent in Geneva without any issues.

In the rooms, there were also some notable differences. The beds were extremely close together, in fact, I believe they were pushed together and touching. The first thing we did when we entered the room was separate the beds. The bathroom also had a translucent door, so you could somewhat see figures through it. While it was not transparent and fully revealing, it was more than I was accustomed to. It was also obvious that the room and hotel were a little older.

The Internet was extremely expensive, but after talking with the desk staff, he had secretively given me a 15 minute pass on the computer. Therefore, my impression of the desk staff was that they were friendly and willing to work with the guests to try to accommodate them as much as possible.

*Leonardo Hotel - Heidelberg*



Figure 20: Hotel Leonardo – Heidelberg, Germany

The Leonardo Hotel rated higher on my last largely because it had free internet. Although there was only one computer to share among all of the hotel guests, it was sufficient, as we were not there to be browsing the internet all day, but it served its purpose to be able to provide communication to people back at home. The location of the hotel was also favorable, as there were some smaller pubs nearby, in addition to be somewhat close to the downtown shopping district.

There were differences with the showers, as the showers had stronger pressure than a lot of people were used to. Personally, I like my showers with a good amount of water pressure, but I know there were some IBS students who complained. They also shared the same half shower door as the Marriott that we went to in Paris. Another interesting that that I noticed is that there was no bar soap. The hotel simply offered this gel that was a combination of shampoo and shower gel, which was somewhat awkward when washing hands at the sink. The key system was similar to the Cornavin in Switzerland, where there was one key per room and you had to drop it off at the front desk upon departing as a courtesy for your roommate. While this is somewhat inconvenient, there were no real problems and it worked smoothly.

Our room was fairly cold and never really warmed up. I noticed that when the hotel staff came in to clean it, they would leave the doors opened to the balcony. Even after closing the doors and turning the heat on as high as it would go, it was still not sufficient. I went down and spoke with the desk representative and I was given a small space heater. This helped to resolve the cold issue and the room became quite comfortable after that.

Overall, the staff seemed friendly, it was a clean hotel and it served its purpose.

*Park Hotel - Amsterdam*



Figure 21: Park Hotel – Amsterdam, The Netherlands

The Park Hotel was a nice hotel that with a great location and decent amenities. It was clean and seemed more upscale than the majority of the other hotels. There was a nice bar area downstairs, the elevators were accessible, although slow and the people who worked there appeared nice. There were some unique things about this hotel also. First, the lights would not turn on unless you had your room key in a designated slot. I am assuming this would help to conserve energy while the guests are not in the rooms; however, even the lamps or other electrical outlets would not turn on. This took us a few minutes to figure out when we first entered the room. Next, the bathroom was the nicest

bathroom out of all of the hotels. It was very modern and updated with granite countertops, tiled flooring, etc. There were also more channels on the television and a greater number of English channels. I believe they tried to cater toward the English speaking clientele slightly more than the other hotels (with the exception of London). This could be due to the location and/or how they have more English speaking tourists, either way, it is simply an observation I made.

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